

Net leverage ratio as of Q2 2023 was 4.6x



Reconciliation of LTM Q2 Fiscal 2023 Net Income and Debt Agreement Adjusted EBITDA

(\$ thousands)	Six months ended December 31, 2022	Six months ended July 1, 2023	LTM Q2 2023
Net Income	\$61,467	\$67,498	\$128,965
Income tax expense	\$29,898	\$31,246	\$61,144
Interest expense, net	\$67,944	\$79,012	\$146,956
Depreciation and amortization	\$76,046	\$83,617	\$159,663
EBITDA	\$235,355	\$261,373	\$496,728
Acquisition related costs ^(a)	\$7,648	\$5,597	\$13,245
Non-core items and project costs, net ^(b)	\$17,656	\$4,627	\$22,282
Straight-line rent adjustment ^(c)	\$6,655	\$9,003	\$15,657
Equity-based compensation expense ^(d)	\$13,732	\$7,049	\$20,781
Foreign currency transaction loss (gain), net ^(e)	\$2,260	(\$2,977)	(\$716)
Bad debt recovery ^(f)	(\$449)	-	(\$449)
Asset sale leaseback (gain) loss, impairment and closed store expenses ^(g)	(\$23,021)	(\$5,836)	(\$28,856)
Adjusted EBITDA	\$259,836	\$278,836	\$538,672
Acquisition EBITDA adjustments ^(h)			(\$647)
Run Rate adjustments related to store opening and closings ⁽ⁱ⁾			\$15,202
Other adjustments permitted under Debt Agreement			\$11,262
Debt Agreement Adjusted EBITDA			\$564,489

(\$ thousands)	July 1, 2023
Total Debt	\$2,811,555
Less: Cash and cash equivalents	\$212,123
Net Debt	\$2,599,432

(\$ thousands)	July 1, 2023
Net Debt	\$2,599,432
LTM Debt Agreement Adjusted EBITDA	\$564,489
Net Leverage Ratio	4.6x

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Notes:

- a. Consists of acquisition costs as reflected within the unaudited consolidated statement of operations, including legal, consulting and other fees, and expenses incurred in connection with acquisitions completed during the applicable period, as well as inventory rationalization expenses incurred in connection with acquisitions. We expect to incur similar costs in connection with other acquisitions in the future and, under U.S. GAAP, such costs relating to acquisitions are expensed as incurred and not capitalized.
- b. Consists of discrete items and project costs, including third-party consulting and professional fees associated with strategic transformation initiatives.
- c. Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under U.S. GAAP exceeds or is less than our cash rent payments.
- d. Represents non-cash equity-based compensation expense.
- e. Represents foreign currency transaction gains/losses, net that primarily related to the remeasurement of our intercompany loans, which are partially offset by unrealized gains/losses on remeasurement of cross currency swaps and forward contracts.
- f. Represents the recovery of previously uncollectible receivables outside of normal operations.
- g. Represents net (gain)/loss on sale leasebacks, impairment of certain fixed assets and operating lease right-of-use assets related to closed locations, lease exit costs and other costs associated with stores that were closed prior to the respective lease termination dates.
- h. Represents our estimate of our anticipated annual operating results, including, without limitation, our estimates of the contribution of businesses acquired and the additional rent expense from sale leasebacks as if such acquisitions and sale leasebacks had occurred on the first day of the twelve-month period ended July 1, 2023.
- i. Represents our estimate of our anticipated annual operating results from new store openings and store closings annualized as if such store openings and store closings had occurred on the first day of the twelve-month period ended July 1, 2023.